IN THE

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1956.

No. 1206

HUMBLE OIL & REFINING COMPANY, a Corporation, ESSO, INCORPORATED, a Corporation, and STANDARD OIL COMPANY, a New Jersey Corporation,
Petitioners,

v.

AMERICAN OIL COMPANY, a Corporation, and STANDARD OIL COMPANY, an Indiana Corporation,
Respondents.

BRIEF OF RESPONDENTS
In Opposition to Petition for Writ of Certiorari.

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BRIEF OF RESPONDENTS

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QUESTIONS PRESENTED.

Petitioners[1] seek a modification of a 1937 injunction so that they may use the trademark ESSO for petroleum products in the Midwest, a region in which they presently

[1] As used herein "petitioners" refers to one or more of the petitioners and "respondents" refers to either or both of the respondents.

market under the names and marks ENCO and HUMBLE. Such use of ESSO was enjoined as unlawful in 1937 because ESSO meant Standard Oil to many consumers in the Midwest. Its use was found to constitute unfair competition and infringement of respondents' rights to the Standard Oil names and trademarks. The controlling issue below, decided against petitioners by both Courts, was the factual question of whether the use of ESSO in the Midwest would cause confusion and deceive the public.[2]

The findings of fact below have ample support in the record, and the questions presented are as follows:

1. Is it not clear that petitioners failed to meet their burden of proof on the controlling issue of confusion when the Courts below made the key finding that the use of ESSO in the Midwest "would cause the motoring public a great deal of confusion and would cause a substantial loss to the defendants [respondents"[3]].

2. In view of the fact that both Courts below, on the basis of extensive evidence, found that "the confusion which existed in 1937 continues to exist and the conditions which exist today are merely an extension of conditions that led up to the 1937 decree,"[4] did those Courts properly follow the standard of **United States v. Swift**

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[2] The Court of Appeals stated the proposition as follows: "We must agree with the defendant-appellees that the controlling issue, in both the 1937 litigation and the present proceeding, is an issue of fact, namely, whether the use of ESSO in the 15-state area would occasion confusion in the buying public." 405 F. 2d at 814 (Petitioners' Appendix A21-22). (Citation to opinions in Petitioners' Appendices will hereafter be to the letter and page only.)

[3] 259 F. Supp. at 566 (C16); see also 405 F. 2d at 820 (A36).

[4] 259 F. Supp. at 564 (C11); 405 F. 2d at 817 (A28).

& Co., 286 U. S. 106, 119, that "we are not framing a decree. We are asking ourselves whether anything has happen that will justify us now in changing a decree"?

3. Where the Courts below found, on the evidence, that the petitioners:

> (a) constitute the largest petroleum marketer in the free world, accounting for one-sixth of the sales of petroleum products,[5]
>
> (b) are in fact competing in the Midwest and elsewhere under names other than ESSO,[6]
>
> (c) "are at liberty to build all the filling stations, sell all the gasoline and do anything else they want to do, under the name 'ENCO' or any other name they choose to adopt other than 'ESSO' or some derivative of the name 'Standard Oil,' "[7]

is it not clear that the continued injunction in no way restrains competition?

4. Having considered the evidence and the credibility of the witnesses, may not a District Court, sitting as a court of equity, apply the doctrine of unclean hands as an independent ground for decision so as to bar petitioners' claim for relief, where it found that the petitioners had engaged in misconduct directly related to the matters at issue in the litigation?

In this essentially factual case, in which the issues were decided against petitioners by both Courts below and in which there is no conflict in the applicable decisional law, we respectfully submit that the petition for certiorari should be denied.

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[5] 405 F. 2d at 818 (A32).

[6] 405 F. 2d at 818 (A31).

[7] 259 F. Supp. at 566 (C16).

STATEMENT OF FACTS.

In 1937 the District Court enjoined petitioners' use of the trademark ESSO, in an area where respondents had acquired by use (since 1889) the exclusive right to Standard Oil trademarks and trade names. Petitioners' use of ESSO was held to constitute unfair competition and to infringe respondents' rights.[8] The District Court further found that members of the Midwest buying public, upon seeing the word ESSO displayed at petitioners' stations, "believe that the products sold there are the products of the plaintiff [i. e., Standard Oil (Indiana)], or of a company connected with plaintiff or selling plaintiff's products . . ." (Finding 35, E11).

The Court of Appeals affirmed. In doing so, it specifically held that the findings of the District Court were "sustained by abundant evidence." **Esso, Inc. v. Standard Oil Co.**, 98 F. 2d 1, 5 (8th Cir. 1938).

The present proceedings involve an attempt by petitioners to have the 1937 injunction modified. Both of the Courts below found that the issues and the facts were unchanged from the 1937 proceeding. As the Court of Appeals held, "[T]he controlling issue, in both the 1937 litigation and the present proceeding, is an issue of fact, namely, whether the use of ESSO in the 15-state area would occasion confusion in the buying public." 405 F. 2d at 814 (A21-22).

On this crucial issue of confusion, the District Court held that "the fact remains that the confusion which existed in 1937 continues to exist." 259 F. Supp. at 564 (C11). The District Court went on to find that modification of the decree "would cause the motoring public a good deal of confusion." 259 F. Supp. at 566 (C16).

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[8] See Petitioners' Appendix E.

It further found that petitioners "are now competing vigorously with [respondents] in the midwest and in other areas under the name 'ENCO'." 259 F. Supp. at 563 (C10). Finally, it found that the 1937 injunction "does not prohibit the [petitioners] here from competing with the [respondents] in the midwest" but rather that petitioners "are at liberty to build all the filling stations, sell all the gasoline and do anything else they want to do, under the name 'ENCO' or any other name they choose to adopt other than 'ESSO' or some derivative of the name 'Standard Oil.' This, they are and have been doing." 259 F. Supp. at 566 (C16). The District Court consequently held that, under **United States v. Swift & Co.**, 286 U. S. 106 (1932), there was no basis for modifying the decree.

On appeal, the Court of Appeals found that the District Court's findings on confusion were fully supported by the evidence. The Court of Appeals noted that, on the issue of confusion, "the present record is scarcely to be distinguished from the record of the 1937 case." 405 F. 2d at 817 (A28). It also upheld the District Court's findings on competition. Concluding that the District Court had been correct, the Court of Appeals held that there was no basis for modifying the 1937 decree.

The District Court also rested its decision on a second and independent ground, unclean hands, upon which the Court of Appeals did not pass. This finding of the District Court rested upon related acts of petitioners, all of which were directly connected with the subject-matter of this case. 259 F. Supp. at 567 (C18).

One of the acts occurred at a meeting held in 1960 in the New York offices of petitioner Standard Oil (New Jersey) between several of petitioners' attorneys and two attorneys of Standard Oil (Ohio). At that time, both petitioners and Standard Oil (Ohio) had been enjoined

from using Standard Oil names and marks, including ESSO and SOHIO in the Midwest. See **Standard Oil Co. [Ohio] v. Standard Oil Co. [Indiana]**, 252 F. 2d 65 (10th Cir. 1958).

According to the testimony of the two Ohio lawyers and according to a memorandum prepared contemporaneously by one of them, Jersey's lawyers proposed to Ohio at the meeting that if Ohio would let Jersey enter the State of Ohio with the name ESSO, Jersey would let Ohio enter the State of Pennsylvania with the name SOHIO. Litigation would then be commenced between Jersey and Ohio in which it would be determined that ESSO and SOHIO were not confusingly similar, and the findings in that litigation might then be used in a proceeding to modify the decree in this case. Ohio rejected the proposal. 259 F. Supp. at 565 (C13-14).

Another act constituting unclean hands was the denial of any such proposal by the Jersey lawyers in sworn testimony in this case. The testimony of the Jersey and Ohio lawyers was thus directly in conflict, and the question became one of credibility. Having heard the testimony of both the Jersey and the Ohio lawyers and having read the Ohio memorandum, the District Court came to the conclusion that the testimony of the Ohio lawyers was "the truth." 259 F. Supp. at 565 (C14).[9]

In view of its holding on the merits, the Court of Appeals expressly refrained from passing on the unclean hands issue.

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[9] For another act constituting unclean hands, see an earlier opinion of the District Court, **Standard Oil Company v. Standard Oil Company (New Jersey)**, 239 F. Supp. 97 (E. D. Mo. 1965).

REASONS FOR DENYING THE WRIT.

There is nothing new in this case. As the Court of Appeals observed, an unbroken line of precedent holds that "the name Standard Oil has a secondary meaning in the trade and that, in the hands of an original user, it is entitled to protection against unfair use and unfair competition in the area where that user operates." 405 F. 2d at 806 (A4-5). In every case the courts have enjoined unfair use of the Standard Oil name. No distinction has been made by the courts between situations where an interloper has tried to pirate the good will of the name[10] and where, as in this case and in decisions of the Fifth and Tenth Circuits, one Standard Oil company has attempted to use a derivative of the Standard Oil name in an area where another Standard Oil company has acquired the right to that name by original and exclusive use.[11] Thus, applicable decisional law is without conflict or exception and was followed by the Courts below.

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[10] **Standard Oil Co. [Indiana] v. Michie,** 34 F. 2d 804 (E. D. Mo. 1929); **Standard Oil Co. of New York v. Standard Oil of Maine,** 38 F. 2d 677 (D. Maine 1930), **modified and aff'd,** 45 F. 2d 309 (1st Cir. 1930); **Standard Oil Co. of New Mexico v. Standard Oil Co. of California,** 56 F. 2d 973 (10th Cir. 1932); **Standard Oil Co. of Colorado v. Standard Oil Co. [Indiana],** 72 F. 2d 524 (10th Cir. 1934), **cert. denied,** 293 U. S. 620; **Esso Standard Oil Co. v. Bazerman,** 99 F. Supp. 983 (E. D. N. Y. 1951); **Standard Oil Co. [Indiana] v. Standard Oil Co. of North Dakota,** 123 F. Supp. 227 (D. N. D. 1954); **Esso Standard Oil Co. v. Standard Oil Co. of North Carolina,** 112 U. S. P. Q. 265 (M. D. N. C. 1956); and **Esso Standard Oil Co. v. Standard Oil Co. of New England,** 170 F. Supp. 71 (D. N. H. 1958). It will be observed that, with the exception of respondents, no one was more active in bringing these suits to protect the exclusive right to the Standard Oil name in a particular area than Esso Standard Oil Co., which was at the time petitioner Jersey's principal marketing company in the United States.

[11] **Standard Oil Co. (Kentucky) v. Humble Oil & Refining Co.,** 363 F. 2d 945 (5th Cir. 1966), **cert. denied,** 385 U. S. 1007; **Standard Oil Co. [Ohio] v. Standard Oil Co. [Indiana],** 252 F. 2d 65 (10th Cir. 1958).

I.

The central issue in this case is purely factual. That issue is whether the use of ESSO in the Midwest would confuse and deceive the Midwest public by causing it to believe that they were buying respondents' products when they were actually buying those of petitioners. That this issue is the controlling issue was recognized in all four decisions below—by the District Court in 1937, by the Court of Appeals in 1938, by the District Court in 1966 and the Court of Appeals in 1969. See, e. g., 405 F. 2d at 814. All four of these Courts have reached precisely the same conclusion. The identical nature of the findings on confusion by the two District Courts was emphasized by the Court of Appeals:

> "Thus Judge Meredith found essentially the same facts for the present day as Judge Moore did for his day, namely, that ESSO would cause confusion to the public . . ." *Ibid.*

In none of these four courts was the confusion issue in doubt. Both in 1937 and today the District Courts found as a fact that ESSO means Standard Oil to many consumers and that use of ESSO in the Midwest would therefore be confusing. Finding 32 (E10); and 259 F. Supp. at 563 (C11). In 1938 the Court of Appeals concluded: "[W]e surmise the value of the brand 'ESSO' lies in the fact that it suggests 'STANDARD OIL'." 98 F. 2d at 5 (D7). In the present proceedings both Courts were definite as to the effect of the use of ESSO in the Midwest. The District Court found that modification of the decree "would cause the motoring public a *great deal* of confusion", 259 F. Supp. at 566 (C16);[12] the Court of Appeals agreed. 405 F. 2d at 820 (A29).[13]

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[12] Emphasis is supplied throughout this Response.

[13] Petitioners' argument that "[t]here is not involved here in any way any attempt at imitation or palming off" (Petition,

Respondents submit that a factual issue of this character is not appropriate for Supreme Court review. When the findings of a District Court have been "re-examined and affirmed on appeal," this Court will not upset such findings unless they are "clearly erroneous." **Morales v. City of Galveston**, 370 U. S. 165, 168 (1961). When the Court of Appeals, in affirming, has so carefully reviewed a record containing over 3,000 pages of testimony and over 1,000 exhibits, there is no basis for challenge in this Court of the findings of fact.

Petitioners claim that the Standard Oil reputation is to be "shared" by all the Standard Oil companies (Petition, p. 19), arguing that the Midwest public has been exposed to the products of other Standard Oil companies. Petitioners made a similar argument in 1937 and 1938, when it was rejected by both the District Court and the Eighth Circuit Court of Appeals. See Finding 8 (E5) and 98 F. 2d at 7 (D12-13). Moreover, as recently as 1966, when petitioner Humble made a comparable argument, the Court of Appeals for the Fifth Circuit held that the Standard Oil reputation in the Southeast belonged exclusively to Standard Oil (Kentucky), the Standard Oil Company that first inhabited that trade area. 363 F. 2d at 49. See also **Standard Oil Company [Ohio] v. Standard Oil Company (Indiana)**, 252 F. 2d 65, 74 (10th Cir. 1958). Similar attempts to force a sharing of the Standard Oil identity within a particular historical marketing area have pre-

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p. 22) is in direct conflict with these unambiguous findings on confusion. If petitioners sell their products to Midwest customers who, because of the confusing trademark, believe they are buying respondents' products, that is palming off under the law. For illustrations of the consequences of such confusion, see **Standard Oil Co. (Kentucky) v. Humble Oil & Refining Co.**, 363 F. 2d 945, 948-949 (5th Cir. 1966), **cert. denied**, 385 U. S. 1007, where the refusal of the District Court to grant a preliminary injunction furnished an actual test laboratory in which the names ESSO and Standard Oil operated side by side. The confusion resulting was described as "profound." 363 F. 2d at 952.

viously been rejected by three Circuits: the Eighth in this case in 1938, the Tenth in **Standard Oil Co. [Ohio] v. Standard Oil Co. [Indiana]**, 252 F. 2d 65 (10th Cir. 1958); and the Fifth in **Standard Oil Co. (Kentucky) v. Humble Oil & Refining Co.**, 363 F. 2d 945 (5th Cir. 1966), **cert. denied**, 385 U. S. 1007.

It makes no difference that petitioner Jersey and respondent Indiana bear similar corporate names. A company, seeking to expand operations into a new part of the country, may well find that its name or mark confuses the public in the new area because of prior use by another company in that area. That was what happened in two of this Court's major precedents in the law of unfair competition. **Hanover Star Milling Co. v. Metcalf**, 240 U. S. 403 (1915); **United Drug Co. v. Theodore Rectanus Co.**, 248 U. S. 90 (1918). Accord: **Anheuser-Busch, Inc. v. Bavarian Brewing Co.**, 264 F. 2d 88 (6th Cir. 1959); **International Breweries v. Anheuser-Busch, Inc.**, 230 F. Supp. 662 (D. Fla. 1964), **aff'd**, 364 F. 2d 261 (5th Cir. 1966).

Nor does it make any difference, legally or logically, that many of the people in the Midwest continue to believe, mistakenly, that the Standard Oil Company that operates in the Midwest is connected with the other Standard Oil companies. Such was the evidence in 1937, and "in this respect the present record is scarcely to be distinguished from the record of the 1937 case." 405 F. 2d at 817 (A28). The crucial factor is that "the midwest public still regards the Standard name and its abbreviations and derivatives as *the badge of the products of Indiana.*" 405 F. 2d at 818 (A31). This was also true in 1937 and "[i]n this respect the public identity of Standard Oil companies has been shown to be little different in 1966 than it was in 1937." *Ibid.*[14]

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[14] The Court of Appeals recognized that respondents have earned this good will by exclusive use of the Standard name

The Court of Appeals made a clear and realistic summation of this question in this manner:

> "Thus Indiana's use of the name in the 15-state area identifies a certain chain of stations and certain products as coming from a particular source. The fact that it does not precisely identify Indiana as that source may well be unimportant since Indiana is the only company which properly has used the name in the Midwest. The Standard name possesses a distinctiveness as a source indicator in the area even though it does not make Indiana's customers aware of Indiana's precise relationship to the other Standard Oil companies." 405 F. 2d at 819 (A33).

Thus, petitioners have no more right to confuse the public than any other party that seeks "to reap where it ha[s] not sown." Finding 34 (E11).

II.

Petitioners seek to disguise the weakness of their position on the controlling issue of confusion by arguing that the Courts below misapplied **United States v. Swift & Co.**, 286 U. S. 106 (1932). The **Swift** case is, of course, the landmark case on modification of equity decrees. In **Swift** Mr. Justice Cardozo set forth the controlling standards:

> "There is need to keep in mind steadily the limits of inquiry proper to the case before us. *We are not*

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in the Midwest over the years: "The loyalty of Indiana's midwest customers arises from the fact that they like its products. Those products for many years have been sold exclusively under the Standard name in the Midwest. The fact that people are aware of other Standard Oil companies does not mean that the Standard name in the Midwest is not indicative of the source of the products sold under that name. On the contrary, it is indicative of the company which operates the Standard stations." 405 F. 2d at 820 (A34).

framing a decree. We are asking ourselves whether anything has happened that will justify us now in changing a decree. The injunction, whether right or wrong, is not subject to impeachment in its application to the conditions that existed at its making. We are not at liberty to reverse under the guise of readjusting. Life is never static, and the passing of a decade has brought changes to the grocery business as it has to every other. The inquiry for us is whether the changes are so important that dangers, once substantial, have become attenuated to a shadow. No doubt the defendants will be better off if the injunction is relaxed, but they are not suffering hardship so extreme and unexpected as to justify us in saying that they are the victims of oppression. Nothing less than a clear showing of grievous wrong evoked by new and unforeseen conditions should lead us to change what was decreed after years of litigation with the consent of all concerned." 286 U. S. at 119.

This case falls squarely within the core doctrine of **Swift. Swift** indicates the test to be applied to determine whether the facts have changed sufficiently. But both Courts below found that the relevant facts had *not* changed. The District Court concluded in as unambiguous language as could be imagined:

> "The fact remains that the confusion which existed in 1937 continues to exist and the conditions which exist today are merely an extension of conditions that led up to the 1937 decree." 259 F. Supp. at 564 (C11).

And the Court of Appeals found not only that the District Court was correct in reaching the same finding as in 1937 (405 F. 2d at 814) (A28), but indeed that "the present record is scarcely to be distinguished from the record of the 1937 case." 405 F. 2d at 817 (A28).

Petitioners have attempted to avoid the elementary requirements of **Swift** by proposing their own test for modification. This test, for which they offer not a single authority, is "whether on the facts shown to exist today . . . the Court would issue the injunction that it issued in 1937" (Petition, p. 15). This extraordinary test is not only contrary to the clear language and policy of **Swift** but it is incompatible with the most elemental requirements of finality in litigation. The **Swift** principle is to equity what *res judicata* is to the law. "The rule has found its way into every system of jurisprudence, not only from its obvious fitness and propriety, but because without it an end could never be put to litigation." **Hopkins v. Lee**, 19 U. S. (6 Wheat.) 109, 114 (1821). To adopt petitioners' criterion would open every equity decree to repeated challenge and retrial at any time. A trademark owner, for example, would be forced to re-establish the factual elements of infringement at the whim of the infringer.

Moreover, even if the unprecedented test proposed by petitioners had been applied by the Courts below, those Courts would still have refused to modify the injunction. As reviewed in detail above, both Courts below found the controlling facts to be unchanged. What petitioners ask essentially is for this Court to order the Courts below to apply a new and unsound criterion which those Courts have already unmistakably demonstrated would, even if adopted, fail to change the result in this case.

Petitioners point to **United States v. United Shoe Machinery Corp**, 391 U. S. 244 (1968). As the **United Shoe** decision makes clear, however, that case was "the obverse of the situation in Swift." 391 U. S. at 249. **Swift**, like the instant case, was a Rule 60(b) proceeding in which the enjoined parties sought to modify the injunction because of allegedly changed circumstances. In **United Shoe**, on the other hand, the injunctive relief had proved to be in-

adequate, and the Government sought further relief in order to achieve the original purpose of the suit. Petitioners' appeal to **United Shoe** is thus completely misplaced. **United Shoe** might justify respondents in obtaining additional relief, if the 1937 injunction had proved inadequate to its task, but it cannot justify petitioners' attempt to escape from the injunction as entered.

It must therefore be concluded that the Courts below properly applied the central principle that in a modification proceeding "[w]e are not framing a decree. We are asking ourselves whether anything has happened that will justify us now in changing a decree." **United States v. Swift & Co.**, 286 U. S. 106, 119 (1932).

III.

Petitioners seek to avoid their inability to meet their burden of proof on the issue of confusion by attempting to find in this case an antitrust issue. In order to understand the competitive aspects of this case, it is essential to have clearly in mind the oblique manner in which petitioners seek to inject an antitrust issue into these proceedings. Petitioners do not contend that any violation of the antitrust laws has in fact occurred. Nor do they offer any antitrust defense.[15] Rather, they seek to argue that denying them the right to use ESSO in the Midwest is somehow anticompetitive.

Petitioners fail to make clear how it could be anticompetitive to continue an injunction against unfair competi-

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[15] Since respondents acted unilaterally in 1937, the commencement of the action did not involve the multiplicity of parties required for a violation of Section 1 of the Sherman Act. And the decision refusing to modify the injunction was governmental, not private, action and therefore cannot be made the basis for a violation of the anti-trust laws. **Eastern Railroad Presidents Conference v. Noerr Motor Freight, Inc.**, 365 U. S. 127 (1961); **United Mine Workers v. Pennington**, 381 U. S. 657 (1965).

tion through deception of the public. The central function of the trademark and unfair competition laws is to make fair and effective competition possible. As the Court of Appeals emphasized, this function is in support of, not contrary to, the antitrust laws. 405 F. 2d at 820 (A35). The Fifth Circuit also recently made this point in a decision on all fours with the instant case, **Standard Oil Co. (Kentucky) v. Humble Oil & Refining Co.**, 363 F. 2d 945 (5th Cir., 1966), **cert. denied**, 385 U. S. 1007:

> "*The antitrust laws require competition, not piracy.* The essence of competition is the ability of competing products to obtain public recognition based on their own individual merit. A product has not won on its own merit if the real reason the public purchases it is that the public believes it is obtaining the product of another company. There is not now, nor has there ever been, a conflict between the antitrust laws and trademark laws or the law of unfair competition. The antitrust laws could go no further than to envision Humble's entering the market and competing under one of its non-Standard Oil tradenames and marks. In this way Humble could obtain customers based on its own merits." 363 F. 2d at 954.

See also **Philip Morris, Inc. v. Imperial Tobacco Co.**, 401 F. 2d 179, 181 (4th Cir. 1968), **cert. denied**, ... U. S. ... (1969).

To permit petitioners to use their confusing mark ESSO in the midwest would condone "piracy" and lead to precisely the public confusion and deception which undercut healthy competition. Today the various Standard Oil companies compete vigorously and effectively. Outside the area where each historically used the name Standard Oil, they do so under trade names that do not signify Standard Oil and that therefore do not confuse the buying public. Respondents use AMERICAN to market in all 33

of the continental states outside the Midwest, 259 F. Supp. at 562 (C6), while petitioners use ENCO in those states where they do not use ESSO. 259 F. Supp. at 562 (C8). Similarly, Standard Oil of California uses CHEVRON and Standard Oil of Ohio uses BORON outside of areas where they historically used the name Standard Oil. 259 F. Supp. at 562 (C8). Thus, in each particular area of the country the local Standard Oil company is subject to vigorous competition from Standard Oil companies using non-confusing names.

Even more fatal to petitioners' assertion that the injunction is anticompetitive is the absence of any factual basis in the record for that assertion. The fact of the matter is that the decree has not had any anticompetitive effect. Evidence was taken, and that issue was resolved squarely against petitioners. The District Court found that petitioners "are now *competing vigorously* with [respondents] in the midwest and in other areas under the name 'ENCO'." 259 F. Supp. at 563 (C10). Moreover, the Court found that there is nothing in the 1937 decree that *could* have an anticompetitive effect:

> "They are at liberty to build all the filling stations, sell all the gasoline and do anything else they want to do, under the name 'ENCO' or any other name they choose to adopt other than 'ESSO' or some derivative of the name 'Standard Oil.'" 259 F. Supp. at 566 (C16).

Petitioners fail to challenge that finding. Moreover, it is far from clear that ESSO is a more successful trade name than ENCO. The Court of Appeals observed that in the 1959-1964 period petitioners' share of the market had increased in every state in which they had used ENCO except two, whereas their share of the market had decreased in fifteen of the states where they used ESSO. 405 F. 2d at 818 (A31).

The irony of petitioners' claim that they could not compete in the Midwest without using ESSO did not escape the Courts below. As the Court of Appeals observed, petitioners are "the largest petroleum marketers in the world," accounting for "one-sixth of the sales of petroleum products in the free world." 405 F. 2d at 818 (A32). Not only do they substantially exceed respondents in size, but petitioners have been growing at a phenomenal rate. "Between 1937 and 1964, Jersey's total assets increased from over two billion dollars to almost 12½ billion and net profits from about 148 million to over a billion." *Ibid.* The Court of Appeals further noted that in the period between the 1937 decree and the 1966 trial, petitioners had expanded their marketing area from an 18-state area (plus the District of Columbia) to a 47-state area. 405 F. 2d at 818 (A31). The record reveals some striking examples of petitioners' competitive prowess; using marks other than ESSO petitioners were able in the period since 1938 to go, in the face of strong competition from a number of major oil companies, from zero per cent to 13 per cent of the market in Montana, one of the fifteen Midwest states (DX 299, R. C.-1718, 1829-33). In the light of this vigorous expansion of business, both throughout the world and in the Midwest, it is ironic that petitioners should argue that they cannot compete effectively without using a confusing and deceptive trade name.[16]

In order to salvage something from their competition argument in the face of the finding that they have not been prevented from competing vigorously, petitioners have included in their petition a good deal of language about the "allotment" of territories as well as references to anti-

[16] That petitioner Humble was pleased with its success in its use of ENCO instead of ESSO in marketing is evidenced by the resolution of the Humble Board of Directors approving the ENCO trademark for use throughout the United States (PX 347, Supp. R. 374; PX 646, Supp. R. 434; R. 104). This decision was vetoed by Jersey (R. 280-9, 1703-12, 1776-8).

trust cases concerning the allocation of territories. That argument is baseless. The antitrust cases cited (Petition, pp. 16-18) all involved horizontal agreements to divide territories or allocate customers.[17] Here we have an equity court's injunction against unfair competition, not an agreement between competitors. And here we have vigorous competition in fact, rather than its suppression by collusion.

Moreover, petitioners' rights to exclusive use of the Standard Oil name in the Midwest is not the product of any "allotment," as petitioners intimate. Rather, as the District Court found in 1937, respondents' exclusive use of that name began well before the turn of the century. Findings 3 and 4 (E2-3). Respondents' right to the exclusive enjoyment of its Standard Oil name thus stems from its long and uninterrupted use, not from any "allocation."

The 1911 decision of this Court in **Standard Oil Co. v. United States**, 211 U. S. 1, has nothing whatever to do with this question. That decision dissolved the Standard Oil Trust. The 1911 decision permitted the individual Standard Oil Companies to expand into one another's territories, which they have subsequently done by use of non-confusing trade names such as ENCO. The 1937 decree did not allocate territories between petitioners and respondents. On the contrary, it assured that competition between them would be fair and that petitioners' marketing in the Midwest would not confuse and deceive the public. And as the District Court found, the effect of the 1937 decree has not been any allotment of territories, but rather vigorous competition between petitioners and respondents. 259 F. Supp. at 563 (C10).

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[17] Moreover, some of those cases, notably **Serta Associates, Inc. v. United States**, ... U. S. ... (1969); and **United States v. Sealy, Inc.**, 388 U. S. 350 (1966), involved price-fixing, which is not even alleged here.

The antitrust argument that petitioners seek to inject into this case is not new. On the contrary, it is threadbare with age. The Court of Appeals recognized it as the same argument that it had rejected in 1938. 405 F. 2d at 820 (A35). The antitrust argument has been explicitly or implicitly rejected numerous times in the many cases that have protected a local company's exclusive rights to Standard Oil names and marks. See, e. g., **Standard Oil Co. v. Standard Oil Co.**, 252 F. 2d 65, 76 (10th Cir. 1958). Petitioners themselves offered precisely the same argument in the recent case of **Standard Oil Co. (Kentucky) v. Humble Oil Co.**, 363 F. 2d 945, 953-954 (5th Cir. 1966), **cert. denied**, 385 U. S. 1007, where the Court saw that what would be involved if petitioners' argument were accepted would be "piracy" and not "competition." And the same argument was rejected in a case bearing a striking similarity to the present case, **Philip Morris, Inc. v. Imperial Tobacco Co.**, 401 F. 2d 179 (4th Cir. 1968), **cert. denied**, ... U. S. ... (1969). In that case, Imperial, one of the descendants of this Court's dissolution decree in **United States v. American Tobacco Co.**, 221 U. S. 106 (1910), sought to use the "Player's" mark of another descendant in the latter's marketing territory. To the argument that a court order against such use would produce an "anticompetitive effect," the Court of Appeals there held:

> "[W]e see no greater anti-competitive effect here than in any other case upholding a trademark as valid and prohibiting its infringement. Imperial is of course free to sell its other products in this country and may even sell its 'Player's' products if it uses a non-infringing trademark." 401 F. 2d at 181.

IV.

The unclean hands issue, which was not passed upon by the Court of Appeals, raises no question that is appropriate for review by this Court. The issue is factual. It rests upon the District Court's finding as to the credibility of petitioners' witnesses in a situation where the testimony of those witnesses was in "direct conflict" with the testimony of Ohio's lawyers and with the contemporaneous documentary evidence. 259 F. Supp. at 565 (C14). In these circumstances this Court would be able to resolve the evidentiary conflict only by reaching the opposite conclusion on the credibility issue and by disregarding the documentary evidence. Petitioners seek to inject a legal issue by arguing that the unclean hands doctrine is limited to conduct that is "connected to the matter in litigation and affects the relationship of the parties" (Petition, pp. 23-24). But the Jersey proposal at the New York meeting was found by the District Court to have been intended to establish a precedent for use in modifying the 1937 decree. Similarly, the denial of any such proposal by the Jersey lawyers on the stand in this very case, was obviously "connected to the matter in litigation." Certainly the District Court had no doubts that petitioners' conduct was intended to affect this case.[18]

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[18] Petitioners' reliance on **Perma Life Mufflers, Inc. v. International Parts Corp.**, 392 U. S. 134 (1968), is completely misplaced. The abolition of the *in pari delicto* defense in private treble damage actions does not preclude a District Judge, sitting in equity, from protecting the integrity of proceedings in his court. Moreover, a proceeding to modify an injunction under Rule 60(b) seeks relief that is equitable in character and therefore must be administered with particular attention to the principles of equity. See **Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co.**, 324 U. S. 806 (1945).

CONCLUSION.

This petition presents no issue that is appropriate for the exercise of this Court's discretionary certiorari jurisdiction. Respondents submit that the petition for a writ of certiorari should be denied.

Respectfully submitted,

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